

Message Text

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INFO OCT-01 ADP-00 CIAE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15 EUR-25 AID-20

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DRAFTED BY NEA/IRN:JHROUSE,JR.:ML

7/19/73 EXT 20574

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NEA/IRN - MR. MIKLOS

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

INFO SECDEF

USCINCEUR

C O N F I D E N T I A L STATE 142391

E.O. 11652: GDS

TAGS: MASS, IR

SUBJECT: SECURITY ASSISTANCE LEGISLATION

REF: TEHRAN 4788

1. EMBASSY IMPRESSION IS CORRECT THAT REQUIREMENTS OF NELSON AND HATHAWAY AMENDMENTS IN SENATE-PASSED SECURITY ASSISTANCE LEGISLATION WOULD, IF ENACTED, AFFECT SALES PROCEDURES CONCERNING IRAN.

2. UNDER NELSON AMENDMENT ANY PROPOSED SALE, CREDIT OR
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GUARANTEE ARRANGEMENT IN EXCESS OF DOLS 25 MILLION AND

EVERY SUCH PROPOSED SALE OR ARRANGEMENT WHICH TOGETHER WITH PREVIOUS TRANSACTIONS WITH THE SAME COUNTRY IN SAME FISCAL YEAR WOULD AGGREGATE MORE THAN DOLS 50 MILLION MUST BE REPORTED IN ADVANCE TO HOUSE AND SENATE. EITHER CHAMBER MAY DISAPPROVE TRANSACTION WITHIN 30 DAYS AFTER SUBMISSION, FAILING WHICH SALE MAY BE COMPLETED. PURPOSE OF AMENDMENT, MADE CLEAR IN DEBATE ON THE FLOOR, IS TO GIVE CONGRESS OPPORTUNITY TO DISCUSS AND APPROVE MAJOR ARMS SALES IN ADVANCE. RECENT ARMS SALES TO IRAN WERE AMONG EXAMPLES CITED ON THE FLOOR AS MAKING THIS PROCEDURE DESIRABLE.

3. HATHAWAY AMENDMENT REQUIRES NOTIFICATION OF HOUSE FOREIGN AFFAIRS AND SENATE FOREIGN RELATIONS COMMITTEES OF ALL LICENSES ISSUED FOR EXPORT OF MUNITIONS VALUED AT MORE THAN DOLS 100,000. AMENDMENT REQUIRES DISCLOSURE OF (A) ITEMS TO BE EXPORTED UNDER LICENSE; (B) QUANTITIES, AND (C) IDENTIFICATION OF CONSIGNEE AND ULTIMATE USER. PROVISIONS WOULD AFFECT ALL COMMERCIAL TRANSACTIONS OF THIS VALUE SUBJECT TO MUNITIONS CONTROL AS WELL AS GREAT MAJORITY OF SALES UNDER FMS ACT AS WHERE EXPORT IS BY COMMERCIAL MANUFACTURER, FOREIGN GOVT. OR SHIPPING AGENT OF EITHER. HOWEVER, AMENDMENT CALLS FOR POST FACTO REPORTING ONLY AND FOR PROTECTION OF CONFIDENTIAL INFO REPORTED TO COMMITTEES.

4. PROVISIONS SIMILAR TO NELSON AND HATHAWAY AMENDMENTS NOT IN BILL REPORTED OUT OF HOUSE FOREIGN AFFAIRS COMMITTEE. TO BECOME LAW, AMENDMENTS WILL EITHER HAVE TO BE ADDED ON HOUSE FLOOR OR SURVIVE HOUSE-SENATE CONFERENCE COMMITTEE WHERE VERY SUBSTANTIAL COMPROMISES ON THIS AND OTHER ISSUES WILL HAVE TO BE WORKED OUT. DEPARTMENT STRONGLY OPPOSED NELSON AMENDMENT AND WILL CONTINUE TO DO SO BUT OUTCOME IS UNCERTAIN. DEFEAT OF HATHAWAY PROVISION IS PERHAPS EVEN MORE DIFFICULT. IT REPRESENTS COMPROMISE WITHIN SENATE TO SOFTEN INITIAL PROPOSAL WHICH WOULD HAVE CALLED FOR PRIOR PUBLICATION OF LICENSE APPLICATIONS IN FEDERAL REGISTER. AMENDMENT NOW INVOLVES NOTIFICATION ON POST FACTO BASIS ONLY.

5. WE DO NOT BELIEVE HATHAWAY AMENDMENT WOULD POSE
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SERIOUS PROBLEMS WITH REGARD TO IRANIAN SALES PROGRAM. IN DEALING WITH IRANIAN ARMS SALES DEPARTMENT WILL CONTINUE TO TAKE FULLY INTO ACCOUNT GOI SENSITIVITIES RE OFFICIAL USG RELEASE OF SALES DETAILS. WE BELIEVE GOI HAS COME TO UNDERSTAND THAT LEVEL OF INTEREST AND NUMBER OF PEOPLE INVOLVED IN MAJOR DEFENSE TRANSACTIONS MAKES DISCLOSURE OF MAJOR SALES VIRTUALLY UNAVOIDABLE. SHAH'S RECENT INTERVIEWS IN WHICH HE HAS SPOKEN FREELY ABOUT

IRANIAN ACQUISITIONS SUGGESTS HE MAY BE SOMEWHAT LESS
SENSITIVE THAN HERETOFORE ON THESE MATTERS. RUSH

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